



CITY OF MORGAN HILL

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DENNIS KENNEDY
MAYOR

December 9, 2005

The Honorable Ron Gonzales
City of San Jose, City Hall
200 East Santa Clara Street
San Jose, CA 95113

Dear Mayor ^{RON}Gonzales:

I appreciated receiving your October 2005 letter, which continued our on-going effort to ensure open communication and collaboration regarding Coyote Valley planning activities.

As you know, it is Morgan Hill's desire to coordinate planning in order to ensure attainment of three key objectives:

- Accurate assessment of anticipated regional traffic impacts from Coyote Valley and other anticipated development;
- Development of a coordinated, regional approach to addressing regional impacts on the transportation system, including planning for improvements to roadways and for modes of alternative transportation;
- Development of compatible strategies for non-urban "greenbelt" areas, so that each jurisdiction can implement feasible approaches applicable in non-urban areas within each sphere of influence.

We agree with San Jose that the South County Circulation Study effort is providing a good way of ensuring that an up-to-date, accurate, regional land use and transportation model is developed. This model will allow participating agencies to analyze traffic impacts of projected development, including but not limited to that expected in Coyote Valley.

When traffic model results are available, we will begin to understand the anticipated magnitude of impacts, and can begin discussions of needed improvements and mitigation strategies. The South County Policy Advisory Board will be instrumental in establishing a direction for this discussion. Morgan Hill agrees with you that collaboration can occur through the Coyote Valley planning process, as well as through various VTA and MTC planning and funding processes related to south county, alternative transportation, and other transportation efforts.

The Coyote Valley "Vision and Expected Outcomes" Statement #10 emphasizes that financing mechanisms must be identified for the capital improvements needed to support the planned levels of development in Coyote Valley. It will be important to ensure that agencies and developers work together to guarantee that all are committed to being responsible for addressing

regional impacts of development, as well as the local impacts over which each agency has jurisdiction. There must be a commitment to require developers to provide fair share mitigation of regional impacts on transportation facilities. This will be a challenge, but it is vitally important to address, so that the region can continue to attract economic development while maintaining quality of life for people living and working in the region.

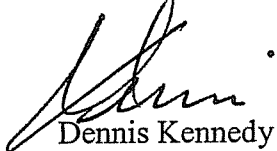
The draft Coyote Valley greenbelt strategy appears to recognize that existing County regulations applicable to rural residential, hillside, agricultural, and open space areas will largely serve to establish the desired "greenbelt" within San Jose's sphere of influence. While developers in the urbanizing portion of Coyote Valley will likely pay a fee, it does not appear that there will be an "acre for acre" requirement. Instead, it is contemplated that a feasible level of developer fees will be used by a non-profit entity established to pursue greenbelt purposes such as limited acquisition of public trails/areas, and promotion of desirable agricultural and other activities within the South Coyote area. Efforts would likely be focused on opportunities to support agriculture and to preserve open space, wetlands, and wildlife habitat.

The above approach appears consistent with the approach that Morgan Hill already uses to some extent, and would expect to emphasize in the future in the non-urban "greenbelt" areas within the Morgan Hill sphere of influence. We appreciate all of the good work that San Jose is doing to determine a feasible approach to establishing a non-urban greenbelt in the South of Palm area, and we look forward to continuing to collaborate on a compatible approach to "greenbelts" within each of our spheres of influence.

I suggest that we meet again in January, after the preliminary results of the traffic model are available from the South County Circulation Study. It may also be helpful to have the results of the EPS analysis of whether Coyote Valley housing will "pay for itself" in terms of generating sufficient ongoing revenue to pay for ongoing city services.

Ron, I appreciate your willingness to continue these discussions, and I look forward to meeting with you soon. I will have Lisa Lewis of my staff contact your staff to make arrangements for our next meeting.

Sincerely,



Dennis Kennedy
Mayor

Cc: Forrest Williams, San Jose Councilmember
Morgan Hill City Councilmembers
Ed Tewes, City Manager
Jim Ashcraft, Public Works Director
Kathleen Molloy Previsich, Community Development Director

August 15, 2005

The Honorable Ron Gonzales
City of San Jose, City Hall
200 East Santa Clara St.
San Jose, CA 95113

Dear Mayor Gonzales:

I hope you are enjoying your summer and have settled into your new City Hall. It is a beautiful campus of which you should be very proud. I am sure it will add even more vitality to your growing downtown area.

When we last met in June, we generally discussed the progress of the Coyote Valley Specific Plan and specifically the results of the meeting we held with San Jose representatives in Morgan Hill in April. As I mentioned, I thought the April meeting was very productive and I appreciated the openness of Council Member Williams and your staff to meeting further with us to discuss issues of mutual concern and interest. The purpose of this letter is to follow up regarding the traffic study, regional mitigation strategies such as alternative transportation, and greenbelt strategies; and to propose one or more meetings to discuss these topics.

As we discussed in June, a major focus of the April meeting was traffic. San Jose staff indicated that they would run the traffic model in advance of preparation of the EIR to determine the magnitude of the impacts and the types of mitigation measures that should be studied. South County agencies would be very interested in meeting with your staff to discuss the findings of these studies, including the distribution of commute trips into Coyote Valley and to explore approaches to analysis of regional mitigation strategies.

Also at our June meeting, we agreed that efforts to improve and expand bus and train service to Coyote Valley and South County would be more successful if we work together. Perhaps the same group that will review the preliminary traffic results for Coyote Valley could begin to identify opportunities for us to work cooperatively to improve alternative transportation into our area, such as support of Caltrain double tracking to facilitate the reverse commute. This effort may also assist in identifying alternative mitigation for the traffic impacts that Coyote Valley development may generate.

Lastly, at our June meeting we agreed that it could be mutually beneficial for San Jose and Morgan Hill to work together to identify strategies to implement the Coyote Valley Greenbelt. We recognize that the Greenbelt will benefit our community as well as San Jose and would be pleased to discuss this topic with you.

Ron, please let me know how you think we should best proceed to schedule these meetings and continue our discussions regarding Coyote Valley development and its future place in the region.

Sincerely,

Dennis Kennedy
Mayor

C: Council Member Forrest Williams
Alan Nishino, Supt., Morgan Hill Unified School District
Steve Kinsella, President, Gavilan College
Ed Tewes, City Manager, Morgan Hill
Morgan Hill City Council

June 1, 2005

The Honorable Ron Gonzales
City of San Jose
801 North First St.
San Jose, CA 95110

Dear Mayor Gonzales:

Thank you for authorizing last month's meeting between San Jose staff and South County Stakeholder agencies. I believe the meeting was very productive for all of us. It gave South County agencies a clearer understanding of the issues San Jose must deal with and the processes that will need to be followed for completion of this important project. In addition, I believe the meeting provided your staff with a better appreciation for the concerns of South County agencies regarding development of Coyote Valley. I have attached a copy of the minutes of the meeting for your review.

The meeting made it clear to me that San Jose is sincere in its interest to work with South County to address issues that are of concern to us. Council Member Williams expressed a willingness to work cooperatively with Morgan Hill and South County stakeholders to address our concerns. We appreciate that willingness and plan to follow-up on some ideas and suggestions offered at the meeting for areas where cooperative approaches may be effective. Specific areas of potential cooperation included improved bus and CalTrain service to Coyote Valley and South County, review of the assumptions and early results of traffic modeling, and greenbelt implementation strategies.

In addition to these topics, at our June 6 meeting I would appreciate hearing about the status of your proposal to modify and clarify the triggers for development in Coyote Valley.

Ron, I look forward to our meeting next week and believe the continued cooperation of our cities will help to ensure the Coyote Valley Specific Plan is one of which we can all be proud.

Sincerely,

Dennis Kennedy
Mayor

C: Council Member Forrest Williams
Morgan Hill City Council

March 4, 2005

The Honorable Ron Gonzales
City of San Jose
801 N. First St.
San Jose, CA 95110

Dear Mayor Gonzales,

Thank you for your recent letter addressing South County's concerns regarding Coyote Valley.

I completely agree with you that we can accomplish more without litigation and personally look at that as a last resort. However, it is the general consensus of the South County Stakeholders committee that our correspondence and concerns have been largely ignored. In essence, the feeling that we are 'the children being seated at the card table at Thanksgiving', has prompted contentious conversations between many of the South County agencies that participate in these meetings. I would like to lower the rhetoric with respect to any pending litigation, and would like to work directly with you to find an amiable way for South County's input to be heard and seriously considered.

One very positive way for this to happen would be for your staff to meet with South County representatives, as a group in Morgan Hill, and engage in an open discussion of South County concerns and ways by which the EIR for the Specific Plan would be tailored to address these concerns. Such a meeting would be extremely beneficial to our committee members and would go a long way to improve trust and relations between San Jose and South County agencies. If you support such a meeting, I would gladly make the necessary arrangements in the near future. I would also suggest that you and I meet following that meeting.

In addition, I will be requesting a meeting with Forrest Williams in the near future to keep him informed of our actions and requests.

Ron, thank you very much for your letter and I look forward to your support for the meeting I've proposed.

Sincerely,

Dennis Kennedy
Mayor

C: Morgan Hill City Council
Ed Tewes, Morgan Hill City Manager

February 25, 2005

The Honorable Ron Gonzales
City of San Jose
801 N. First St.
San Jose, CA 95110

Dear Mayor Gonzales,

Thank you for your recent letter addressing South County's concerns regarding Coyote Valley.

I completely agree with you that we can accomplish more without litigation and personally look at that as a last resort. However, it is the general consensus of the South County Stakeholders committee that our correspondence and concerns have been largely ignored. In essence, the feeling that we are 'the children being seated at the card table at Thanksgiving', has prompted these contentious conversations between many of the South County agencies that participate in these meetings. I would like to lower the rhetoric with respect to any pending litigation, and would like to work directly with you to find an amiable way for South County's input to be heard and seriously considered.

In addition, I would like to invite you and a staff person to attend our next meeting of the South County Stakeholders in order for you to relay project status information to the group. This would be extremely beneficial to our committee members, and would go a long way in bridging any previous gaps that existed. I will have my staff person contact your office once a date is confirmed and would also suggest that you and I meet following that meeting.

Sincerely,

Dennis Kennedy
Mayor

C: Morgan Hill City Council
Ed Tewes, Morgan Hill City Manager

December 10, 2004

The Honorable Ron Gonzales and
Members of the City Council
City of San Jose
801 North First St.
San Jose, CA 95110-1704

Subject: Significant Issues Regarding Coyote Valley Specific Plan

Dear Mayor Gonzales and Members of the City Council:

The development of Coyote Valley is of critical interest to all agencies in the South County area. If planned properly, the area will serve as an example to the entire country of the benefits of smart growth and livable cities concepts. The City's planning efforts will be appreciated by all who live and work in the Valley. It will be an area we can all point to with pride.

For more than six months, South County agencies have participated in the Coyote Valley Specific Plan process through community workshops, Technical Advisory Committee and Task Force meetings. The countless hours of participation in these meetings have been provided with the expectation that our concerns will be addressed and our input will be incorporated into the planning for this important area. In August, South County agencies forwarded a letter to Mayor Gonzales requesting answers to critical questions about the planning for this area. To date, we have received no response to our concerns and issues. Specifically, we asked that our concerns be addressed prior to submittal of the conceptual plan to the Council which we now understand is scheduled for January 25, 2005.

We have provided the City with information regarding our school campus needs in order to provide quality educational environments for the children who will live in Coyote Valley. Rather than working with us to meet these needs, we are told how smaller, sub-standard sites should be sufficient for our children.

We have asked questions about traffic impacts and been told that the information will be included in the EIR for the project, long after any modifications to the plan could be made to mitigate those impacts in a meaningful way.

We have asked for information regarding the financing of infrastructure improvements. We have been told that information would be available at the same meeting at which the Task Force will be asked to approve the conceptual land use plan, virtually eliminating any meaningful dialogue regarding financing of schools and other infrastructure improvements.

This on-going failure to address our issues and apparent overriding objective to approve a plan by the end of 2005, regardless of its content and impact, leave us with no option but to oppose the City's plans. Based on the information provided by the City, we believe the density of development proposed for Coyote Valley is too great and that it will have significant impacts for the immediate area and all of South County.

Should the City delay Task Force approval of a preferred land use plan and work cooperatively with South County agencies to amend the plan in a way which addresses our concerns, we would gladly endorse your planning efforts and promote their successes. Otherwise, we will need to evaluate other options available to us to ensure its failures do not impact the South County area.

Sincerely,

Dennis Kennedy
Mayor

And on behalf of the following:

- Don Gage, Supervisor, Santa Clara County, Member CVSP Task Force
- Russ Danielson, Member CVSP Task Force
- Shelle Thomas, President, Board of Trustees, Morgan Hill Unified School District
- Dr. Carolyn McKennan, Superintendent, Morgan Hill Unified School District
- Alex Kennett, Chamber of Commerce Economic Development Committee
- All members of Morgan Hill City Council

C: Members of the Coyote Valley Specific Plan Task Force

September 3, 2004

The Honorable Ron Gonzales
City of San Jose
801 North First St.
San Jose, CA 95110

Dear Mayor Gonzales:

Thank you very much for meeting with Supervisor Gage, President Kinsella and me last week to discuss the Coyote Valley Specific Plan. I believe the meeting was very productive, and I agree with your assessment that it is very important to keep the lines of communication open during this process. I greatly appreciate your efforts to do so.

At that meeting, and the CVSP Task Force meeting earlier this week, I stressed the importance of having the participation of San Jose, Morgan Hill, and Santa Clara County's staff members also share information and coordinate their respective planning efforts, particularly in the area of transportation planning. Any help you can offer in scheduling such a meeting in the near future would be greatly appreciated. I believe this open line of communication would be of significant value to each of our agencies. I will ask Lisa Lewis, in our City Clerk's office, to follow up on the scheduling of this meeting.

I look forward to your response to our August 13th letter of concerns regarding the Specific Plan, and look forward to our continued cooperation in this important planning project.

Sincerely,

Dennis Kennedy
Mayor

C: Supervisor Gage
President Kinsella

August 13, 2004

The Honorable Ron Gonzales
City of San Jose
801 North First St.
San Jose, CA 95110-1704

Subject: Significant Issues Regarding Coyote Valley Specific Plan

Dear Mayor Gonzales:

At the last Task Force meeting, I gave you a copy of a working paper which identified significant issues to be addressed in the Coyote Valley Specific Plan. Since that meeting, Morgan Hill and other South County agencies have met on two separate occasions to formulate the following specific questions regarding the manner and extent to which San Jose will mitigate the impacts which Coyote Valley development will otherwise have on the South County area.

None of the agencies participating in our discussions oppose Coyote Valley development. All of the agencies, however, recognize that if not planned properly, development of that area will adversely impact us. The support of the agency representatives listed at the end of this letter is for those issues over which their respective agencies have jurisdiction. Although time has not permitted the governing bodies of the agencies to take formal action on the issues and concerns identified in this letter, the representatives have each expressed a willingness to recommend such action to those bodies in the future.

On behalf of the South County agency representatives listed at the end of this letter, I would appreciate a written response to our questions. We believe it is critical that these questions be answered before a preferred alternative land use plan is selected by the City Council.

Traffic, Transportation and Housing: Development of Coyote Valley is anticipated to have significant traffic impacts on South County.

1. The Plan is intended to provide for 50,000 primary jobs and 25,000 housing units. Using a standard of 1.7 employed residents per household, the 25,000 housing units planned would house 42,500 employees. ABAG estimates that 1:1.5 to 1:2.0 secondary jobs are created for every primary job. This would result in a total of 125,000 to 150,000 jobs being created. With housing opportunities for only 42,500 employees, as many as 107,500 employees may need to commute to jobs in Coyote Valley.

- a. It is clear that San Jose intends to provide space for 50,000 primary jobs within Coyote Valley. It is unclear how many of the secondary jobs that will be created will be located within the Valley. How much land will be designated for secondary businesses and jobs within the Valley and how many secondary jobs are expected to be accommodated on that land?
 - b. Many of the employees who work in Coyote Valley and do not live in the Valley will choose to live in less expensive areas to the south. How significant will the additional traffic impacts be in the South County area and what will be done to mitigate those impacts?
 - c. Will housing be provided concurrently with job creation in the Valley? If not, additional traffic impacts will be created on roads in South County in the interim period. How will the City of San Jose mitigate those impacts?
 - d. Since an insufficient supply of housing will be available for all of the employees in the Valley, demand for new housing elsewhere will increase. To what extent will this situation affect housing prices in South County and what will be done to mitigate that impact?
2. The provision of 20 percent affordable housing will be insufficient to accommodate employees of secondary as well as primary jobs. A much higher level of affordability is necessary to ensure all those employed in Coyote Valley, at both primary and secondary jobs, will be able to obtain housing in Coyote Valley. What level of affordability do you propose?
 3. The EIR for the Cisco project assumed that only 20 percent of all commute trips would have origins south of that project. Because housing prices in areas south of Coyote Valley are less than those in areas north of the Valley, many employees will choose to live in the South County area and commute to the north. What realistic assumptions for trip distribution will be used in the traffic modeling for the Specific Plan?
 4. How will transportation planning for development of Coyote Valley be coordinated with transportation plans of the County, Morgan Hill and Gilroy to ensure the system works efficiently and congestion is not worsened?
 5. What plans have been made to ensure the safe movement of children to the schools planned for the Valley?

Schools: Housing development in Coyote Valley will require development of new schools. As you know, school districts have the ability to purchase and develop school sites without regard to local planning policies.

1. Will school sites designated on the Specific Plan for all levels of education? If so, will those sites be donated to the Districts or will it be the responsibility of the Districts to negotiate the acquisition of these or other sites in Coyote Valley?
2. How will the new schools and support facilities in the Valley be financed to ensure they are available when needed by the residents of the area?
3. What flexibility exists in the plan to make adjustments should a school or college district obtain land in an area that is not designated by the Specific Plan?

Public Facilities: Housing development in Coyote Valley will have a significant impact on existing facilities and the need for new and expanded facilities.

1. The addition of more than 50,000 jobs and 25,000 housing units to Coyote Valley will have a significant impact on the condition of existing County roads. What is planned to mitigate that impact over time?
2. The residents of the planned 25,000 homes will have a significant impact on the existing County parks in the area. What is planned to mitigate that impact over time? How much land is planned to accommodate private recreational facilities (e.g. ball fields, swim clubs, tennis clubs)?

Greenbelt: Establishment of a greenbelt separating San Jose from Morgan Hill is a very positive aspect of the Coyote Valley Specific Plan.

1. What is the vision for the greenbelt and what measures will be employed to ensure that vision is achieved?

Air Quality: Air quality in San Martin, specifically, and all of South County, in general, is a significant problem. Given the direction of prevailing winds, the air pollution created in Coyote Valley will further impact South County.

1. What is proposed to mitigate this impact?

Communications: Once developed, Coyote Valley will, in essence, become the third “city” in southern Santa Clara County. Its development will have a significant effect upon South County and will be significantly impacted by development elsewhere in South County. To ensure its development is well-coordinated with that of other areas of South County, meaningful coordination between agencies is critical.

1. How will planning for Coyote Valley be coordinated with South County agencies to provide for meaningful input to the Specific Plan process and coordination of plans between San Jose and South County agencies?

San Martin Airport: The businesses and residences planned for Coyote Valley will increase the demand for private air travel. The proximity and ease of access to the San Martin Airport will likely make it a desirable choice for this type of travel.

1. What safeguards will be instituted to ensure that this increase in use will not impact South County residents?

Regional Health Care Facilities: Morgan Hill is rebuilding healthcare facilities in the community, including an acute care hospital. The DePaul Health Center is specifically being developed to provide service to future Coyote Valley residents. The existence of this facility, St. Louise Regional Hospital and the Kaiser Santa Teresa hospital will likely be adequate to meet the future healthcare needs of the area. Overbuilding healthcare facilities will have the undesired effect of weakening all facilities and adversely impacting their ability to serve the needs of the area.

1. What healthcare facilities are planned for Coyote Valley and will these facilities impact the viability of other existing or planned facilities in the sub-region?

Ron, I appreciate your past willingness to meet with me and representatives of other agencies in the South County area. Resolution of the issues presented in the questions contained in this letter is of critical importance to all the residents of South County. I look forward to our continued cooperation so that the Coyote Valley Specific Plan can be a model for future urban development which is sensitive to local and regional concerns.

Sincerely,

Dennis Kennedy
Mayor

C: The Honorable Forrest Williams

And on behalf of the following:

- Don Gage, Supervisor, Santa Clara County, Member CVSP Task Force
- Russ Danielson, Member CVSP Task Force
- George Panos, President, Board of Trustees, Morgan Hill Unified School District
- Shelle Thomas, Vice President, Board of Trustees, Morgan Hill USD
- Dr. Carolyn McKennan, Superintendent, Morgan Hill Unified School District
- Steve Kinsella, President, Gavilan College
- Paul Correa, Member, Gilroy City Council
- Craige Edgerton, Chairman, Board of Directors, Santa Clara County Open Space Authority
- Alex Kennett, Board of Directors, Santa Clara County Open Space Authority, Interim President Morgan Hill Chamber of Commerce and Member, Economic Development Committee
- Connie Ludewig, Director, San Martin Neighborhood Alliance
- All members of Morgan Hill City Council